



LETTER OF COMMENT NO. 109

From: Paul Korngiebel [mailto:Paul@deccanvalue.com]
Sent: Tuesday, April 14, 2009 10:32 AM
To: Director - FASB
Subject: Financial Statement Presentation Feedback: 1630-100

Technical Director,

I just received the document today and realize that feedback is due today also.

However, I was able to review the basic structure – in particular the cohesive relationship among the statements especially with respect to cash.

This presentation format would be a **major** improvement for financial statement users and the financial system as a whole, for what should be a modest cost for a helpful change in management reporting. If managers don't know how the cash is coming and going today, they certainly ought to!

What are the major benefits?

1. The increased focus on cash generation will further anchor valuations in free cash generation, helping to reduce fraud, reduce "earnings management," and possibly dampening speculative excesses through heightened awareness of the required growth expectations to sustain valuations.
2. Companies with low cash conversion will be under greater scrutiny, driving out poor capital allocation or prompting more sensible discussions about long-term investment projects.
3. Small investors will have a straight forward way to think about the business via the direct cash flow statement, similar to how many small businesses are run. This may help to protect small investors.
4. The linkages among the statements will strengthen the user community's grasp of the underlying accounting logic, and also help managers to understand those same linkages. FASB as rule setter may also play a role as educator.

As investors, we thrive on inefficiencies, so greater clarity is not necessarily in our self interest. However, a more robust reporting system plays a crucial role in efficiently guiding more capital to better managers and, in turn, to better projects.

This is –with out a doubt -- better for the country.

Best,
Paul

Paul Korngiebel
Senior Partner
Deccan Value Advisors
15 Valley Drive
2nd Floor
Greenwich, CT 06831
USA

direct: 203 983 7202
mobile: 203 550 0357
fax: 203 983 5595
paul@deccanvalue.com < E-mail is best!